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AICPA *Washington Report*

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COMMODITY FUTURES TRADING COMMISSION

The General Accounting Office has recommended that some of the CFTC's authority be redesignated to the Securities and Exchange Commission. The GAO suggests that the SEC be given responsibility for regulation of certain types of futures contracts and joint authority with the CFTC over certain government securities. These recommendations, which were contained in a report distributed to key congressmen on the House and Senate Agriculture committees, constitute a change of position for the GAO which earlier voiced its support for a reauthorization of the CFTC as presently structured. The report is expected to influence the position of the Office of Management and Budget, which also indicated its support for reauthorization of the CFTC without change. OMB is currently preparing a report of its own on this topic and it should be released in the near future.

Proposed rules that would amend the minimum financial and reporting requirements imposed on futures commission merchants (FCMs) were published in the 4/10/78 Fed. Reg., pp.15072-95. These rules contain regulations establishing qualifications for accountants practicing before the Commission. Under the proposal, the Commission will recognize either a CPA or a licensed public accountant, but will not recognize an accountant who is not in fact independent. A detailed definition of the term "independent" is included in the regulations. Additional topics covered by the proposed regulations include the technical requirements of the accountant's report, representations as to the audit, the opinion, material inadequacies, audit objectives and procedures, and the replacement of an accountant. Comments on the proposed rules are due by 6/1/78. For further information contact John L. Manley at 202/254-5218.

GENERAL ACCOUNTING OFFICE

"The Audit Survey: A Key Step In Auditing Government Programs" is the title of a recently-released booklet designed to answer questions concerning what audit surveys are and how they are performed. It includes sections on a typical survey approach, information needs, and ways to obtain the necessary information. Copies of the booklet are available from the GPO for \$1.10 each (S/N 020-000-00158-5).

HEALTH, EDUCATION, AND WELFARE, DEPARTMENT OF

A final rule on Headstart grants was published in the 4/7/78 Fed. Reg., pp.14932-34. The rule includes a provision for an annual audit of Headstart programs by an independent auditor and requires that each agency submit an accounting certificate prepared by an independent auditor stating that the accounting system has appropriate internal controls.

INTERSTATE COMMERCE COMMISSION

Procedures to eliminate the filing of duplicate information have been adopted by the Commission (see 4/11/78 Fed. Reg., p.15156). Under the procedures, if a respondent believes he has filed the same information with another agency, he can send a copy of that filing to the ICC for a determination of sufficiency. For further information contact James H. Bayne at 202/275-7331.

PAPERWORK COMMISSION

"Confidentiality and Privacy" is the title of an interim report published by the Commission. The report finds that confidentiality requirements on the disclosure of information are "inconsistent at best and chaotic at worst" and constitute a major cause of duplicative data collection activities. Among the Commission's recommendations for improvements is the establishment of an independent organization to oversee compliance with confidentiality standards and other information laws. Copies of the report are available from the GPO for \$3.00 each (S/N 052-003-00458-5).

SECURITIES AND EXCHANGE COMMISSION

Amendments expanding the availability of the short form for the registration of securities have been adopted by the Commission. (Rel. No. 33-5923, 4/12/78). The amendments allow short form (S-16) registration for securities offered to the public for cash by certain companies when information about the issuer is widely disseminated and to existing security holders through either rights offerings or dividend or interest reinvestment plans. These amendments are effective as of 5/30/78 but persons wishing to use the revised form before that date can do so if they comply with all applicable provisions. For more information contact J. Rowland Cook at 202/755-1750 or Steven J. Paggioli at 202/376-8090.

Hearings began on 4/12/78 on the impact of the Commission's rules and regulations on capital formation by small business. Commissioner Philip A. Loomis Jr., opened the hearings by noting that the Commission's disclosure policy should balance a concern for the success of small business against a responsibility to protect investors through the disclosure of material information. Among the issues discussed at the hearings was the rising cost of professional liability insurance for accountants and the need for certain financial reporting requirements in Commission forms prepared by accountants. The hearings will continue at regional locations in April and May. For dates see 3/13/78 Wash. Report.

TREASURY, DEPARTMENT OF

Tax credit for college tuition has been approved by the House Ways and Means Committee. The bill approved by the committee would provide a maximum tax credit of \$100 in 1978, \$150 in 1979 and \$250 in 1980 for tuition payments. The credit would also be available for post-secondary vocational schools. The committee voted against extending the credit to cover private elementary and secondary schools costs. It is expected that supporters will try and restore the credit for private schools fees when the bill is considered by the full House.

A bill to establish tax-exempt trusts for the payment of product and professional liability claims and related expenses has been introduced in the Senate. The bill (S.2864), introduced by Sen. Charles Mathias (R-Md) and Sen. Birch Bayh (D-Ind) would allow contributions to such liability insurance trusts to be deductible from federal income tax. The bill is identical to legislation introduced in the House by Rep. Charles Whalen (R-Ohio) and is similar to a Commerce Department proposal announced last week (see the 4/10/78 Wash. Report). Under S.2864, trust funds could be created by individuals or by groups such as firms or trade associations for the benefit of their members. The text of S.2864 and the introductory remarks of Sens. Mathias and Bayh appear in the 4/10/78 Cong. Record, pp.S5188-90.

SPECIAL: COST OF GOVERNMENT REGULATION SUBJECT OF STUDY & HEARINGS BY JEC

"Cost of Government Regulation on Private Business", a study issued last week by the Joint Economic Committee, concludes that "government regulation... has become a major growth industry...supported by the taxpayer." The report estimates that the expenditures of 41 government regulatory agencies will rise from the \$2.2 billion level of 1974 to \$4.8 billion in 1979 -- a 115% cost increase. In addition, the study estimates the cost of compliance with federal regulations by business and consumers in 1976 was \$62.9 billion -- 20 times the amount spent to operate the regulatory agencies.

In addition to releasing the study, the Committee also began a series of hearings on the cost of government regulation. Among the witnesses was Commerce Secretary Juanita Kreps, who announced that the department is developing a "regulatory budget" which will provide an analysis of all federal regulatory activities and their cost impact on the private sector.

SPECIAL: CONFERENCE ON FEDERALLY ASSISTED PROGRAMS SCHEDULED

"CPA's Role in Federally Assisted Programs," a conference designed for practitioners with little or no prior government auditing experience, will be held on 5/24-26/78, in San Juan, Puerto Rico by the AICPA Continuing Professional Education Division. This conference will provide information necessary to get started in this fast growing area of practice. The conference will cover how to obtain government audit contracts and a review of Federal procurement practices, compliance with auditing and reporting requirements of specific Federal programs, and utilization of the latest audit guides published by the Departments of Labor and Commerce. The conference will be broken into three seminars: the CPA's Role in Federally Assisted Programs, Audits of CETA Programs, and Audits of Local Public Works Grants. The cost will be \$80 per seminar. For more information contact the CPE Division of the AICPA at 212/575-6200.

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